Indonesia, Jakarta Composite Index – Gapped down

The Jakarta Composite Index had on 4 October 2018 gapped down to reach a low of 5,742.31 before closing at 5,756.62 (-111.12, -1.89%).

Following the down close, the Jakarta Composite Index is likely to move lower again with immediate support at 5,700. A fall below 5,700 would put pressure on the index down to the subsequent support at 5,620. Market hurdle is pegged at 5,848. A crossover of 5,848 should see a test of next resistance at 5,985.

Stock decliners that contributed to the fall in this index include Astra Graphia (-INR10, -0.69%), Jasa Marga (-INR80, -1.37%), and Unggul Indah Cahaya (-INR100, -2.86%).

The moving average analysis shows that the Jakarta Composite Index is in a downtrend as the shorter 20-day MA line (blue) is below the longer 50-day MA line (red) and the gap between these 2 MA lines is seen widening.

KLSE Technology Index – Immediate hurdle at 42.1

The Technology Index had on 4 October 2018 traded higher to 41.76 before closing at 41.45 (-0.05, -0.12%).

Following the down close, the Technology Index is likely to move lower with immediate support at 40.75. A fall below 40.75 would put pressure on the sub-index down to the subsequent support at 40.0 – 40.20. Market hurdle is pegged at 42.1. A crossover of 42.1 should see a test of next resistance at 44.0.

Stock decliners that contributed to the fall in this sub-index include MI (-RM0.15, -4.90%), Inari (-RM0.01, -0.41%), and D&O (-RM0.03, -3.06%).

The moving average analysis shows that the Technology Index is on an uptrend with sideways bias as the shorter 20-day MA line (blue) is above the longer 50-day MA line (red) and the gap between these 2 MA lines is seen not widening.

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DISCLOSURE

Technical stock rating definitions

Buy - Short term buy with expected capital return of 8% or more within one month.
Cut Loss - Triggered when specified cut loss level is hit in order to protect capital.
Take Profit - Triggered when specified target price is achieved.

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Glossary of technical terms commonly used

Moving Average (MA) - An indicator frequently used in technical analysis showing the average value of a security's price over a set period.

Moving Average Convergence Divergence (MACD) - A trend-following momentum indicator that shows the relationship between two moving averages of prices. The MACD is calculated by subtracting the 26-day exponential moving average (EMA) from the 12-day EMA. A 9-day EMA of the MACD, called the "signal line", is then plotted on top of the MACD, functioning as a trigger for buy and sell signals.

Stochastic - A technical momentum indicator that compares a security's closing price to its price range over a given time period. The indicator's sensitivity to market movements can be reduced by adjusting the time period or by taking a moving average of the result.

Average True Range (ATR) - A measure of volatility introduced by Welles Wilder whereby the indicator is the greatest of the following:
- current high less the current low;
- the absolute value of the current high less the previous close;
- the absolute value of the current low less the previous close;

Bollinger Band - A band plotted 2 standard deviations away from a simple moving average, developed by John Bollinger.

On-Balance Volume (OBV) - A method used in technical analysis to detect momentum, the calculation of which relates volume to price change. OBV provides a running total of volume and shows whether this volume is flowing in or out of a given security. This indicator was developed by Joe Granville.

Support - The price level which, historically, a stock has had difficulty falling below. It is thought of as the level at which a lot of buyers tend to enter the stock.

Resistance - The price at which a stock or market can trade, but not exceed, for a certain period of time. Often referred to as "resistance level".

Reversal - A change in the direction of a price trend. On a price chart, reversals undergo a recognizable change in the price structure. An uptrend, which is a series of higher highs and higher lows, reverses into a downtrend by changing to a series of lower highs and lower lows. A downtrend, which is a series of lower highs and lower lows, reverses into an uptrend by changing to a series of higher highs and higher lows.

Divergence - When the price of an asset and an indicator, index or other related asset move in opposite directions.

Overbought - In technical analysis, this term describe a situation in which the price of a security has risen to such a degree – usually on high volume – that an oscillator has reached its upper bound. This is generally interpreted as a sign that the price of the asset is becoming overvalued and may experience a pullback.

Oversold - A situation in technical analysis where the price of an asset has fallen to such a degree – usually on high volume – that oscillator has reached a lower bound. This is generally interpreted as a sign that the price of the asset is becoming undervalued and may represent a buying opportunity for investors.
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